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NATIONAL REVIEW

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The ADA is so happy *it can't bear it. Not since the Fabian Society tucked in Ramsay MacDonald's Socialist Government in England in 1924 has an ideological pressure outfit had such a rumble. They are quite literally all over the place, and if there is one conspicuous member of Americans for Democratic Action who has been left out, by reason of race, color, creed, or previous condition of servitude—name him, and an assistant secretaryship, or an embassy, is his for the asking. Eleanor is out—too old, too gabby, not exactly FKBW (For Kennedy Before Wisconsin), ditto Herbert Lehman and Archibald MacLeish; but otherwise the gang's all there. Arthur Schlesinger, J. K. Galbraith, Chester Bowles, Adlai Stevenson, Walt Rostow, Soapy Williams, Orville Freeman, Arthur Goldberg, Wilbert Cohen, Robert Weaver. There never* was *such a pay-off.*

The Kennedy press is wild with delight. The exultation in some quarters, e.g., Joseph Barry of the New York Post, *has reached a point of near-sexual delirium. He credits the new bounce of de Gaulle, the reinvigoration of Adenauer, the very smell of spring, to Kennedy and his entourage. Richard Crossman of England (see "Abroad") is transported by pure joy. The* New Yorker *virtually invents rhetorical heroisms, adequately to praise the Inaugural Address. Joe Alsop is driven so mad with delight, he's finally going to go and get married, just to celebrate.*

Very well, gentlemen, the stage is yours. You have taken pains over the last eight years to specify your complaints. Everything you have objected to, we haven't, not by any means. But much of what you have deplored, we do too. Proceed, then, to prime the sluggish economy with Treasury billions (without inflation); persuade the Soviet Union to modulate its designs upon us (by rational appeal to our "common interests"); stop the outflow of gold (while you double aid to all the world's needy); better our bodies, minds and teeth, multiply our schools, houses, jobs, power plants and rest homes (without raising taxes or impinging on our freedoms)! Arise, sorcerers of the world, thine is the power; thine the glory—you have merely to execute your promises.

Meanwhile, those of us who do not believe the New Frontier will succeed in squaring circles can only hope the nation will survive, without too many scars, four years in a Harvard test tube. We are strong, can stand a limited ordeal: life for a while on the New Frontier. But however harassed we are, or bemused, or distrait, believe us, we'll never forget again to say our prayers at night.

The WEEK

● The background fact sheet on Brazil, published by Deadline Data, Inc., lucidly explains: "Suffrage is universal, except for illiterates and for soldiers who together make up over 50% of the population." "Universal," we presume, as in: "There is universal agreement that the UN is the world's best hope for peace."

● The acid test of President Kennedy's hardheadedness in matters pertaining to the national security is just six weeks ahead of him: will he continue the nuclear testing ban—depriving us of the development of the remarkably versatile neutron bomb—or will he instruct the Atomic Energy Commission to resume tests? The pressures on him are great. They easily bowled over his ductile predecessor. Mr. Kennedy can talk tough. Can he think and act tough? There is no better test than this one, and this one *can't* be suspended.

● After CBS' post-inaugural cancellation of a scheduled anti-Communist show, "The Spy Next Door," the public clamor proved so great that the network hastened to reschedule it for February 15. But CBS is still in trouble, this time for an Edward R. (USIA) Murrow-Fred Friendly report on migrant labor entitled "Harvest of Shame." President Charles B. Shuman of the American Farm Bureau Federation—a strong advocate of a free-market agricultural policy—was pictured by Tell-the-Truth Murrow as condoning the often shocking treatment given migrant workers. The AFBF prepared a 19-point "white paper," detailing the distortions and omissions of fact in the CBS presentation, and circulated it to the Federal Communications Commission and appropriate congres-

sional committees. CBS has offered to stage a 30-minute debate in which two participants could argue for each side, but the American Farm Bureau Federation has remained firm in its demand for equal time to answer the Murrow libels.

● It is not "inevitable" that Red China will be admitted to the United Nations. To put it crudely, the U.S. alone has the power to prevent her admission. If the anti-American bloc, or the neutralist bloc, takes control of the UN, is Mr. Adlai Stevenson resigned to acquiescing in its other demands? (They are not by any means confined to the admission of Red China.) Mr. Stevenson's role in the UN should be to teach his many admirers there that *they* must be resigned to keeping Red China *out* for so long as mainland China is held prisoner by an impostor government, bent on wrecking every lofty aspiration in the United Nations Charter. There are those who are not resigned to Mr. Stevenson's resignation to the "inevitable." We hope Mr. Kennedy will join that number.

● The Communist Summit, held in Moscow last November, is shown by subsequently published documentation to have included representatives of the Communist parties of several nations where they are outlawed, such as Spain and West Germany. It has been suggested that NATO's Summit meetings might become considerably more formidable if they included representatives of underground and exile freedom fighters of the nations where they are at present outlawed, such as Poland, Hungary and Ukraine.

Tarentel Press

Guardian Angel

● In Philadelphia last week Federal Judge James C. Ganey pronounced sentence in the anti-trust case against the electrical manufacturing industry: almost two million dollars in fines imposed on corporations and individuals, and for seven corporate officers not only fines but 30 days in jail. Defense counsel, pleading that the men were leaders in their communities, asked for leniency. Attorney General Kennedy recommended harsher sentences. True, these executives will smell of the prison for the rest of their lives, and their personal shame will truncate their careers. But what they and their companies have done is a blot on the scutcheon of the entire business community, a deed flagitious in itself and tainted with hypocrisy by the big corporations' complacent references to The American Way and pious sermons against labor monopoly.

● The National School Public Relations Association, a front for the National Education Association, previews press, radio and television programs on education. How did it announce a forthcoming debate between Senators Eugene McCarthy and Barry Goldwater—a debate that had not yet taken place, and for which there were no advance texts? "Two eloquent spokesmen for opposite views of federal aid to schools, housing and health will argue it out," began the preview. Then: "Here's a chance to see some of the federal support dragons slain—and to see how a clever opponent may obscure the true issues." A perfect example of what is known in the NEA lexicon as "objectivity."

● In his 20,000-word gloss on the new Communist Manifesto, Nikita Khrushchev distinguished three kinds of war: 1. just war (anti-colonial wars, civil wars, wars of liberation); 2. local war; 3. general (all-out nuclear) war. The Soviet Union and all Communists, he explained, support all just wars—as, for example, Castro's war against Yankee imperialism, the war of Lumumba-Gizenga against U.S.-Belgian imperialism, and the FLN's "sacred war" against French imperialism. The Soviet Union and all Communists condemn and oppose any "local war" (*i.e.*, a fight *against* a "just war"), and Khrushchev threatened to transform a local war, if the imperialists dare engage in one, into general war. It is easy enough to see why this doctrine of war is popular in Moscow; but it is harder to understand why it is accepted, as it seems to be, in Paris, London and Washington.

● The Associated Industries of Missouri reports on a survey which examined the economic experience of the American population as of September 1, 1960. The survey revealed that 89.5% (162.1 million individuals) of the population had no adult experience with World War I; 79.3% (143.6 million) had no adult experience with the 1929 depression; 64.8% (117.3 million) had no adult experience with mass unemployment; and 59.2% (107.1 million) had no adult experience with World War II. Nearly half the population—49.2% or 89.1 million individuals—has had no adult experience under a Democratic Administration, or maybe it was no experience under an adult Democratic Administration.

● Last week the Soviet liner *Estonia* sailed from Odessa with 250 Russian tourists on a cruise to Turkey, Greece, Italy, and five of the new African nations. Now that the *Santa Maria* has set the style, we look forward to the *Estonia's* self-determination.

Mr. Kennedy and the Pirates

Suppose one put it this way: In the first international action of his Administration, the new President of the United States boosted into orbit a Communist-backed project to put large new regions of central Africa under Communist control, after first reducing them to Congo-type chaos, and to knock the Iberian Peninsula out of the Western defense system by replacing the present governments of Spain and Portugal with Popular Front regimes. It sounds fantastic. It *is* fantastic. And yet that is a blunt account of what has resulted from Mr. Kennedy's actions and inactions in the case of the *Santa Maria*.

The objective of Operation Santa Maria was to create and legitimize the Portuguese (and more broadly Iberian) "revolution" as a going political enterprise, to give it substance in public opinion, the world chancelleries, the UN, and the minds of political dissidents or prudent bandwagon jumpers in Portugal itself, Portuguese Africa and Spain. This was a phase of a long-term campaign, tracing back ultimately to the Kremlin, which James Burnham summarized in NATIONAL REVIEW, January 14, several weeks before the SM incident.

The burgeoning columns of news in the world press about Dictator Salazar, Portuguese and Spanish "fascism," Portuguese colonial oppression, etc., and the armed outbreaks in Angola—arms courtesy of Prague, direction by the Communist fronts called Revolutionary African Front for the National Independence of the Portuguese Colonies (FRAIN) and the Revolutionary Committee for the Liberation of Portugal and Spain—prove that the objective was achieved.

Operation SM could have been very simply thwarted by Mr. Kennedy if he had understood what was going on and had been willing to act with the speed and firmness attributed to him by his admirers. He had only to treat the Galvão group for what it was: a gang of Communist veterans of the Spanish Civil War, Latin American agents and adventurers and cut-throats, larded with two or three quixotic Portuguese exiles, who hijacked a peaceful, unarmed cruise ship on the high seas, killed one unarmed man in cold blood, wounded a half dozen others, and held a thousand decent people captive under the muzzles of submachine guns. The minutiae of definitions of piracy are absurdly irrelevant. The gang had behaved as gangsters and pirates, and that was how the U.S. Navy—with its long tradition of defense of the freedom of the seas—initially proposed to handle them.

Instead, our gallant officers were ordered by their Commander-in-Chief—after a few days of hesitation—to deal with these thugs, assassins and conspirators as if with men of dignity and substance and honor, to negotiate with them as with the plenipotentiaries of a sovereign power, to escort them, not to jail or the scaffold in the irons they deserved but, with the courtesies of the seas, to safe harbor. From this mode of conduct, the rest of the world took its cue.

PEOPLE: Executive Committee of the Young Republican National Federation warmly wooed by Governor **Nelson Rockefeller** at last week's meeting in New York. The Governor spoke at their dinner, threw cocktail party in his apartment overlooking Central Park. . . . Boasting of his fiscal responsibility, Rocky heard to say: "I've never been associated with a bankrupt enterprise." Murmured a listener: "But Governor, you had a better start than some of us." . . . **Katherine St. George** (N.Y.), **H. Allen Smith** (Cal.) and **Elmer J. Hoffman** (Ill.), the three Republicans to join the House Rules Committee, are all conservatives.

European press quotes **Nkrumah:** "Once we admit our impotence to solve the question of the Congo primarily with our own African resources, we tacitly admit that real self-government on the African continent is impossible." . . . **David Ormsby-Gore,** British Minister of State for Foreign Affairs who baited **Khrushchev** in UN on Soviet colonialism, to be new ambassador to U.S. . . . Laborites disturbed over heavy losses of their main organ, *Daily Herald*, causing Conservative Prime Minister **Macmillan** to quip that "the public are not prepared to buy it in sufficient quantities."

President **Kennedy** will address Roosevelt Day dinner of Americans for Democratic Action this year. . . . President **George Meany** and six AFL-CIO lobbyists boycotted get-acquainted meeting called by Rep. **Adam Clayton Powell Jr.,** new Chairman of House Labor and Education Committee, because a Teamsters official was also invited to attend. . . . **Eugene Dennis,** long-time official and Chairman of U.S. Communist Party, died last week. . . . As trustee of Rockefeller Foundation (1947-'51), **Dean Rusk** "actively supported Institute of Pacific Relations donations" and in 1950 communicated his support of IPR to Ford Foundation, according to IPR report of Senate Internal Security Subcommittee. This was during time when IPR was under investigation by the subcommittee, which found it had been promoting Soviet interests in the Far East. . . . **Arthur Schlesinger Jr.** statement in debate with **Wm. F. Buckley Jr.** that Welfare State is best defense against Communism attacked in Congress by Senators **Strom Thurmond** (D., S.C.) and **Everett Dirksen** (R., Ill.) and Rep. **Thomas M. Pelly** (R., Wash.). Schlesinger statement inserted into *Congressional Record* by Rep. **Craig Hosmer** (R., Cal.) under heading "If You Can't Beat 'Em, Join 'Em." . . . Ultra-Progressive Jazz Dept.: Music magazine *Metronome* gives its top 10-point rating to Verve Records and its "new beat with 'Professor **Linus Pauling** on Fall-out and Nuclear Warfare.' "

The Cuban anti-Western revolution was, in a sense, launched by the *New York Times*. Will the Portuguese anti-Western revolution prove to have been launched by the White House?

Breather for the Dollar

On London's free gold market, the dollar, badly mauled lately, has got its wind back. The dollar price of gold, which had jumped to $40 for a while, was back within the normal range of the $35-an-ounce official figure. The London market is secretive, and no one is quite sure whether the recovery is due to the release of enough gold by Washington and friendly capitals to drive the price down, or because speculators have become convinced that the new President means what he says about defending the dollar. Something of both, no doubt.

This must be added: that neither the routing of speculators by sudden dumping of Treasury gold into the free market nor the President's intentions will of themselves shore up the dollar more than briefly. The intentions must be translated into acts; and the acts must be sufficient to get rid of the $3.5 billion annual deficit at which our balance of international payments has been running for the past several years. It is certain that this can be, or could be, done: after all, our annual foreign aid grants are alone greater than the entire sum. But it is doubtful that it can be done by the measures which the President has so far initiated.

His first proposal was to cancel the Eisenhower order to bring military dependents home. However justified from other standpoints, this means more, not less, drain on the dollar. The specific measures sketched in his special message to Congress, such as the reduction in tourist exemptions from $500 to $100 or the severer tax treatment of U.S. foreign investments, are picayune in short-term saving, and by their restrictive protectionism probably negative in net future effect. In calling for a special higher interest rate on foreign dollar holdings, Mr. Kennedy seems to be suggesting a sort of dual export dollar rather like the Nazi export marks of unsavory memory—not to speak of the virtual impossibility of preventing U.S. citizens from taking advantage of the provision. Simultaneously the Administration proposes not to cut but greatly to expand foreign grants, especially in Latin America and Africa; and by vast domestic welfare schemes to stimulate inflation, thus higher costs, thus export troubles.

It seems likely, therefore, that the dollar's London respite will not last long, unless and until the Administration stops talking about content-less "sacrifices" and faces up to the reality: that the dollar can stand on its feet only if by hard, efficient work and new efficient machines we reduce our costs to a domestically sound and internationally competitive level; and if we restrain our world charities and bribes, on the average, to the surplus we can realize in our commercial balance.

• At Home •

Washington

Every day, the smell of appeasement grows stronger over Washington. It emanates from the White House, from the State Department, even from Vice President Lyndon Johnson's office. The argument that "we must arrive at a position of mutual trust" with the Soviet Union is heard with increasing frequency in official circles. But there is something far more tangible to irritate the nostrils. The announcement that President Kennedy had plucked Professor Edwin O. Reischauer from Harvard and anointed him Ambassador to Japan is just one indication. Professor Reischauer's name figured prominently in the hearings of the Senate Internal Security Subcommittee on the baleful influence of the Institute of Pacific Relations. He was, in that organization's heyday, an IPR stalwart—and he has never surrendered in his battle for a soft U.S. policy on Red China.

Jubilation over the Administration's "victory" in the fight to pack the House Rules Committee with Liberals has been the order of the day in stories by Democratic-oriented correspondents. What they have failed to report is the way the battle was won and what its cost has been to the President. Not since 1938, when Franklin D. Roosevelt tried to purge legislators who had incurred his displeasure, have so many congressmen been so angry over so much. Whatever the lasting effect may be, it will be a long time before conservative Democrats forget how they were treated by the White House. While President Kennedy worked one telephone, brother Bobby—who had faithfully promised the Senate that, once confirmed Attorney General, he would stay out of politics—burned up another wire. Never a man for subtleties, Bobby threatened to deprive stubborn oppositionists of party patronage, of federal aid to their districts, of important committee posts.

"After a while," one congressman reports, "I had a feeling that if I continued to hold out against the packing plan, my pay would be stopped, the heat turned off in my house, and the FBI unleashed on my past." The President took a loftier stand, warning that a defeat on the Rules Committee would lead to a collapse of his international prestige.

That sixty-four Democrats stood up to the Administration's pounding—and the blandishments of the labor lobby as well—came as a surprise to those who seldom find political courage in Washington, except in profile. The GOP was more than a little pleased with the outcome of the very tight vote. The Administration has been deprived of a handy scapegoat—"it was the Rules Committee which blocked our legislative program"—and has also been

served notice that there is enough conservative muscle in the Congress to block the extremist programs of the Council of Economic Advisers, Mr. Arthur Schlesinger Jr., and the rest of the leftward-pushing Presidential braintrusters.

The great disappointment to date in the GOP has been the performance of Senate Republican Leader Everett McKinley Dirksen—the new Ferdinand the Bull. Mr. Dirksen has moved a long way from his magnificently sardonic speech at the 1952 Republican Convention, in which he excoriated Governor Thomas E. Dewey and rallied to the support of the late Senator Robert A. Taft. Eight years of subservience to President Eisenhower seem to have broken Mr. Dirksen's spirit, and he has devoted himself in the past days to 1) fawning over President Kennedy's appointments, and 2) restraining his more combative colleagues in the Senate from making an essential record.

It had been freely predicted that, once in office, President Kennedy would give up his systematic downgrading of the United States. But he is still harping on the old tune and adding a new variation: the United States as a free society may be extinct by 1964. On the subject of economic growth, moreover, he has continued to use fraudulent statistics. According to Mr. Kennedy's figures, the average rate of growth in the U.S. has been 2.5%, whereas, he insists, the Russians are growing economically at a rate of 8%. The press, typically, has ignored a study of Soviet statistics by the distinguished economist Dr. Colin Clark, director of research for the Econometric Institute. Dr. Clark has discovered that the Soviet rate of growth since 1917 averages 1.3%. The United States has, with minor fluctuations, steadily advanced at a rate of 2.3% a year between the 1890s and 1956.

The Soviet Union's new ball, lobbed into space, has failed to impress those U.S. scientists who do not get their opinions from the *Washington Post*. According to the best information, the Soviet shot was hurriedly conceived, went into a faulty orbit, and burned out rapidly. Its only virtue was size, and here the Soviets have been ahead of us—if their facts can be accepted at face value. The United States has not only, within 48 hours, sent a chimpanzee into space—and recovered him—and put into orbit a highly sophisticated "spy satellite." It has also revolutionized missilry by successfully testing the first solid fuel missile in history, the Air Force's Minuteman. This second-generation missile can be fired almost as rapidly and reliably as an artillery shell, is much cheaper to make than liquid fuel rockets and eliminates the continuous costly maintenance—never fully reliable—on which both the U.S. and the USSR have so far depended. This gives the U.S. an overwhelming lead both scientifically and militarily.

QUINCY

BRIEFS: Expect to see the figure 142,100 in news as session of Congress develops. It's the latest (Jan. 19, 1961) Health, Education and Welfare estimate, made nobody knows how, of our school classroom shortage. . . . **State Department says volume of documents on the 1943 Teheran Conference will be published by Government Printing Office within next few months.** . . . Conservative students from Mississippi college campuses publishing a statewide paper, *The Campus Conservative*, with 8,000 circulation. . . . *Time* said it (Feb. 10, 1961): "The most startling part of [the rising collegiate interest in current affairs] is a sharp turn to the political right."

Roman students, demonstrating last week on the South Tyrol issue, saved their most potent Molotov cocktails for Communist meeting-halls. . . . Moscow putting heavy pressure on Sudan to permit transit of supplies for Gizenga government in Stanleyville. . . . Lead editorial in British *Economist* advocates general sales tax and other indirect taxes to permit reduction of income taxes. . . . **Coming up March 5-8 in Mexico City, a large-scale Latin American "Conference for National Sovereignty, Economic Independence and Peace." Don't be surprised if Communists take control and turn it into anti-Yankee hatefest.** . . . Czechoslovakia having trouble getting the transit and refueling rights it needs in West European countries to set up a Prague-Havana air route.

Pro-fluoridation health officials worried that in November elections thirteen communities voted against fluoridating their water, only five in favor. . . . Number of Washington State employees has increased 6 per cent per year since 1955 (25,961 to 33,800) while population has increased only 2 per cent. . . . Why did it take U.S. Navy so long to locate the *Santa Maria?* Two theories circulating in Capital: 1) the Navy fell down on the job; 2) delay was deliberate in order to give Kennedy Administration time to choose course of action.

CBS, please note: Arraigned as Communist spies last week, five British residents (two of them U.S. citizens), two Swiss citizens and a Czech-born physicist living in Israel. . . . Norwegian Army recruiting 500 to serve as professional soldiers for six months in UN Emergency Force on Israel-U.A.R. border. Contingent is first professional military force recruited in Norway since 1888. . . . French public delighted—and politically encouraged—that Iranian imperial baby has a French nurse.

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• Trends •

The now famous San Francisco riots against the House Committee on Un-American Activities were meant to discredit the internal security program of Congress; they have become instead the occasion for a vigorous offensive against Communism.

Thanks to a powerful documentary film entitled *Operation Abolition*, thousands of Americans are now getting a chance to see the techniques employed in San Francisco last May, and to understand the reality of Communist power in America.

The success of the film has inflamed the Communists and the usual quota of collaborating Liberals. The anti-anti-Communist press is bristling with charges that the film is "distorted," saying it falsely represents the student demonstrations as Communist-inspired. "Diligent inquiry," says the *Washington Post*, "has led us to a conviction that this charge is wholly unjustified." As for the allegation that the students were violent, the *Post* concludes that "the San Francisco police acted with altogether needless brutality, turning fire hoses on students whose protests were not flagrantly unruly."

Who is distorting what in this controversy? In spite of the *Post's* "conviction," every relevant authority supports the film's assertion that the riots were Communist-directed. In a meticulous report prepared last summer, J. Edgar Hoover pinpointed the role of Archie Brown, Mickey Lima, Douglas Wachter and other known Communists in mobilizing demonstrators, disposing them about San Francisco's City Hall, and inciting them to action once there. Mayor Christopher of San Francisco says: "Known Communists, and I repeat this emphatically, known Communists were in the lead of this demonstration." Matthew Carberry, Sheriff of San Francisco County, told me: "The people stirring the students up, and bringing them to an emotional pitch, were well-known Communists in the San Francisco area."

What of the *Post's* assertion that the students were not "flagrantly unruly"? The *San Francisco Examiner* for May 14, 1960, reported that "the mob . . . climbed over the barricades and stormed the door, knocking [Patrolman Ralph] Schaumleffel down. Then, the officer said, while he was on his back, a student . . . grabbed the policeman's nightstick and hit him over the head with it." Hoover's report tells the same story, as, in substantial detail, does Mayor Christopher. The *Daily Californian*, the student newspaper which helped spark the demonstrations against the committee, reported: "Fights and violence erupted at the House Un-American Activities Committee hearings yesterday . . . much of it sparked by University students."

In arriving at its bland "conviction" about what happened in San Francisco, the *Post* chose to ignore all this evidence. Equally oblivious has been the *Reporter* magazine, which recently published an article by one Paul Jacobs, alleging a number of "distortions" in the film. "After the riots were over," Jacobs wrote, "the sheriff of San Francisco County said: 'There was no act of physical aggression on the part of the students.' " On December 6, 1960, the sheriff in question issued the following comment: "I did not make that statement. I do not know the author of the article, Paul Jacobs, have never spoken to him and have never been interviewed by him."

The twisting of context seems to be a favored gambit with Jacobs, who tried it again further along in the same article. William Wheeler, West Coast investigator for the committee, appeared on a television show in Los Angeles, and acknowledged the presence of two minor inaccuracies in the film *in the course of proving that it was not distorted*. In Jacobs' article, this comes out as "William Wheeler of the House Committee staff has admitted on a Los Angeles TV program that there were distortions in the film."

A final sample will illustrate the sort of technique being used to discredit *Operation Abolition*. Jacobs writes: "Separate sequences have been run together in *Operation Abolition* to give the impression of mob action, and the film shows students displaying defiance after police warnings, although actually the demonstrations occurred at a completely different time."

It is of course true that "separate sequences" have been run together, as obviously they had to be to compress the film footage into manageable form, and that they "give the impression of mob action." But this would be a valid remonstrance only if there had not in fact *been* mob action, which, on the testimony of the newspapers, the FBI, and every authority in San Francisco, we know there was.

Jacobs' next sentence reads: "And the police use of fire hoses on the students is justified on the basis of the claim that the students attempted to rush police barricades inside City Hall, where the committee was holding its hearing; but no film accompanies the commentary about this alleged attempt; in fact, photographs taken at the time show the students seated on the floor and in the corridors when the hoses were turned on them."

This seeks to suggest that the turning on of the hoses was *not* caused by an attempt to rush the barricades. But the *Examiner*, J. Edgar Hoover and Mayor Christopher all say it was. Jacobs, be it noted, does not say otherwise. He simply sets up an irrelevant disjunction—"*but* no film accompanies the commentary"—implying that, if an event is not on the film, it must not have happened. In attacking the evidential value of the film, Jacobs here invokes it as arbiter of what did and did not happen—although it should be apparent that the newsreel photographers could not be in position to record every event that transpired.

So much for the charges of "distortion" against *Operation Abolition*. The controversy, I think, not only tells us something about Communism. Through the twists and turns of those trying to discredit the film, it also tells us a great deal about the intellectual level of American Liberalism.

M. Stanton Evans

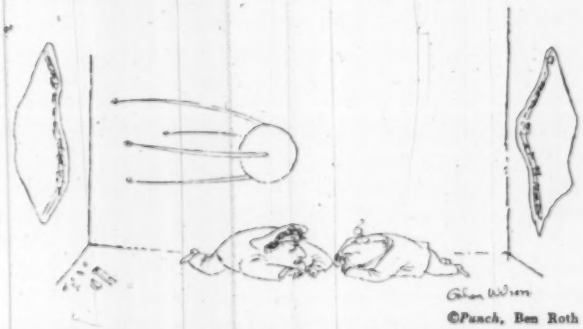
• Abroad •

Taipei. Sophisticated observers here are both somewhat puzzled and very pleased at the six-day visit of Juan Lechín Oquendo, Vice President of Bolivia. They are delighted, because Lechín is the first magistrate of top rank to come to Taiwan from Latin America, with which Free China has been endeavoring, with some success, to establish closer relations. They are puzzled because Lechín is a Trotskyist, organizer of the fiercely radical Bolivian mine workers, and real boss of Bolivia's anti-capitalist revolution. Lechín was given an all-out reception; military honors, cheering crowds, state banquets, etc. He pledged Bolivian support to Free China, praised Taiwan's land reform program, and called for economic cooperation. Lechín also made a trip to Quemoy, and declared after a tour of the military installations: "I am as confident as the commanding general on Quemoy that the island can be defended."

Ipoh, Malaya. To qualify as candidates for parliament, local citizens must surmount the same ancient ordeal that tested chiefs, wizards and witch doctors. It is described in a recent report to the Italian journal *Borghese*: "The test which aspiring Ipoh deputies must pass is as simple as it is arduous: they have to swim across a crocodile-infested river. The 'good' representatives of the people manage to make it safe and sound to the far shore, because their supporters beat off the voracious reptiles with long poles. The 'bad'—those without adequate popular support —end up being bitten (a security squad is supposed to prevent, but alas not always in time, graver mishaps), and thus their political careers are finished."

Geneva. The European Left is swooning with anticipation at the advent of the new American Administration. British Laborite R. H. S. Crossman, in a widely printed column from Washington: "The mood of Washington [is]wonderfully exhilarating. For eight years it had been a dreary place, purged of intellectual distinction. . . . Last week it was celebrating not merely the end of a cultural vacuum (Arthur Miller, as well as Robert Frost, was an honored guest) but the return to government of a vast store of talent that had been exiled for eight years to the universities." The influential international edition of *Manchester Guardian Weekly*, hailing the appointment of Edward R. Murrow to "an exceptionally distinguished administration": "Mr. Murrow's greatness lies in moral courage as much as in technique. At a time when politics, entertainment, and even the universities cowered in terror of Senator McCarthy, Mr. Murrow dared to challenge him. The collapse of McCarthyism was the result of many factors . . . but Mr. Murrow's courage was one of the chief. It is good to see such a man play a direct part in the government of his country."

Stanleyville. The struggle between the Gizenga-Lumumba-Communist government centered here and the Kasavubu-Mobutu government in Léopoldville is driving soldiers' pay to fantastic levels. Mobutu recently gave *all* his soldiers a minimum rank of corporal, with pay of 4,000 Belgian francs ($80.00) a month, to meet Gizenga's bid. Stanleyville then raised to 7,000 francs. In Kivu, many Mobutu troops defected when Gizenga threw in a 10,000-franc bonus. The Léopoldville government is diverting funds from all other operations to hold its own in this competitive bribery.



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"How long will it be until the damned thing stops orbiting?"

London. The British railways share all the troubles of ours plus outright nationalization. The "Railway Conversion League" has come up with a remarkably simple solution: complete physical liquidation of the entire railway system. The League has drawn up a detailed Ten Year Plan showing why and how the railways should be transformed into roads, after the manner of the Pennsylvania and Maine turnpikes in the States. The figures prove that roads could handle far more traffic, both passenger and freight, than the railways now do. Cost per mile is only a tenth that of highways built from scratch. The state already owns the right of way, so no new land from Britain's small and crowded surface would be needed. The intensively developed British railway network goes directly into and through all cities—the most expensive and difficult sections of modern highways. Sidings and marshaling yards can be used for parking.

Bologna. Theological as well as scientific circles are profoundly disturbed by the experiments reported by the little known Prof. Petrucci. Working on certain problems of immunology, sterility and sex determination, along lines initiated by Professors Thibaut at Jouy-en-Josas and Etienne Wolf at Nogent-sur-Marne (both in France), the Petrucci group has achieved test tube fertilization of human ova and development of the embryo for as long as 29 days. By a remarkable new photographic technique, every stage of the process is shown in microscopic detail. Embryologists await the full scientific report that Petrucci promises for later this year. An editorial in *Osservatore Romano*, the Vatican organ, declares: 1) the experiment is immoral; 2) nevertheless, if fecundation takes place, it becomes Petrucci's duty to keep the embryo alive, and it would be homicide, as in the case of abortion, to destroy the embryo deliberately.

• The Investor •

The stock market is now headed up, anticipating that the present poor business level will be followed about mid-year by gradual improvement. One hears constantly that, even before this upturn, stock prices were high by any past standards. Implied is the belief that stock prices cannot go much higher, even with a rise in business, unless the business improvement proves dramatic. Perhaps stock price averages won't go a great deal higher. However, stocks which have suffered from deeply depressed earnings from cyclical causes or from special adverse factors affecting earnings of a particular industry or company, could rise significantly if even a modest business recovery takes place.

Some investment services say stock prices may be expected to move radically lower. These services contend that because, historically, certain stocks are selling at price-to-earnings rates significantly higher than those experienced during the past decade, they inexorably must decline to former price-earnings relationships. Such rather simple mechanical measures to determine when a stock is too high or too low would be wonderful. They would eliminate the need for appraisal of change in quality and earnings trend.

Some early 1960 forecasts that prices of growth stocks would sell down sharply until normal historical relationships were established have so far proved erroneous. Perhaps such low prices will still come. I doubt this.

Government revenues shrink sharply during declines in business (80% are derived from corporation and personal income taxes). In addition, we have put on the books laws, including unemployment insurance and farm relief, which require sharp increase in government payments when federal income runs lowest. So in the deficits of recessions are sown the seeds of inflation tomorrow. During the 1958 recession, the federal 12 months' deficit rose to a peak of $12 billion. The Kennedy Administration already admits it does not expect to balance the budget for 1961 and probably will not do so in 1962.

The demands of pressure groups for increased expenditures for education, social welfare, foreign needs, depressed domestic areas, etc., are not accompanied by demand that waste in government expenditure be eliminated. And while we citizens generally are easily persuaded that expenditures pushed by pressure groups are essential, we are rather complacent about federal deficits—possibly because we are painfully aware of the consequences of severe deflation, as in 1929-32, and because our slow but progressive inflation has been relatively painless. So long as American industry continues through research, development and more efficient organization to reduce costs, it exerts a powerful brake on inflationary effects of rising wages.

Some argue that it is only expanded money supply which creates inflation, and others contend it is rising wages. It is both. They are actually two aspects of the same entity. Rising wages, which are the largest price component of practically everything people buy, require an expansion in money supply. Without it the higher prices of goods, which must follow wage increases, outrun the supply of money. People are unable to purchase their needs. Depression ensues, unless the Federal Reserve validates the wage rise by augmenting the supply of money.

Should the Federal Reserve hold rigidly to no addition tc money, bringing depression, the federal government, by demand of the people, would incur a large deficit through its spending. Such spending obviously increases the supply of money. So one way or another, wage rises require that more money be put into circulation. Wages and money increasing more rapidly than productivity bring higher prices, which is a deterioration in the dollar's purchasing power.

Sophisticated investors, awakened in the past five to ten years to the inevitability of a gradually deteriorating dollar, prefer to own growth common stocks, even at higher price-earnings ratios than previously existent. The long-range prospect of growing earnings and dividends to meet the shrinking dollar seem preferable to owning tax-exempt bonds, higher yielding cyclical and static stocks.

The term "sophisticated investor" is used because, during the past decade, there have been many less astute purchasers of common stocks who believed that all stocks provide protection from inflation. It should be obvious that a stock with static or declining earnings cannot offset diminishing purchasing power of money. It is not so clear that the stocks of companies with large assets do not *ipso facto* constitute a hedge against inflation. Should the U.S. some day experience a European-type currency obliteration, such stocks would retain some value. However, this is not likely.

Since many sophisticated investors have learned to differentiate between growth stocks and others, today the price of a growth stock, relative to earnings, commands a high premium. Growth stock prices remain at price-earnings relationships higher than in the past.

The two factors which create lasting common stock price advances are 1) earnings growth, and 2) increased investor recognition of this growth. The investor who can find a stock selling at a low ratio times earnings which will grow rather consistently, secures a double action to promote his capital increase. For example, in 1955 Emerson Electric sold at 7 to 10 times earnings at 7-¾ to 11-⅝ (adjusted for price splits and stock dividends). Today, at 57-¾, it sells around twenty times 1960 earnings. While earnings tripled, market price sextupled.

Instead of endeavoring to follow a conventional approach to protection of principal through wide diversification, I believe greater success in maintaining capital values can be achieved by intelligent selection of a relatively few quality stocks with exceptionally capable managements and with the potential of large capital growth over a period of years.

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